

FRASER VALLEY REGIONAL HOSPITAL DISTRICT BOARD

OPEN MEETING AGENDA

Thursday, April 25, 2024

6:00 pm

In person at FVRD Boardroom & by Zoom Conference Call

Pages

1. LAND ACKNOWLEDGEMENT
2. CALL TO ORDER
3. APPROVAL OF AGENDA, ADDENDA AND LATE ITEMS

All/Unweighted

MOTION FOR CONSIDERATION

THAT the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of April 25, 2024 be approved:

AND THAT all delegations, reports, correspondence and other information set to the Agenda be received for information.

4. DELEGATIONS AND PRESENTATIONS

4.1 2023 Fraser Valley Regional Hospital District Audited Financial Statements

4 - 54

All/Unweighted

- Presentation by Sean Reid, Partner, KPMG Enterprise
- Corporate report dated April 25, 2024 by Beth Klein, Controller/Deputy CFO
- 2023 Consolidated Financial Statements
- Draft 2023 Independent Auditors Report
- Draft 2023 Management Responsibility Letter (MRL)
- KPMG Audit Findings Report (AFR)

MOTION FOR CONSIDERATION

THAT the Fraser Valley Regional District Hospital Board approve the 2023 Audited Financial Statements for the Fraser Valley Regional Hospital District.

5. MINUTES / MATTERS ARISING

5.1 Draft Fraser Valley Regional Hospital District Board Meeting Minutes - March 21, 2024

55 - 59

All/Unweighted

MOTION FOR CONSIDERATION

THAT the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting held March 21, 2024 be adopted.

6. REPORTS FROM BOARD DIRECTORS

7. ADDENDA ITEMS/LATE ITEMS

8. PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA

IN PERSON PARTICIPATION

FVRD Board Room

ONLINE PARTICIPATION

Email submissions can be made to info@fvr.ca before 1 pm, April 24, 2024. Alternatively, you may participate in public question period live on Zoom, by phone or computer using the Zoom information provided on the FVRD website.

9. RESOLUTION TO CLOSE MEETING

All/Unweighted

MOTION FOR CONSIDERATION

THAT the meeting be closed to the public, except for Senior Staff and the Executive Assistant for the purpose of receiving and adopting Closed Meeting Minutes convened in accordance to Section 90 of the *Community Charter* and to consider matters pursuant to:

- Section 90(1)(e) of the *Community Charter* - the acquisition, disposition or expropriation of land or improvements, if the board considers that disclosure could reasonably be expected to harm the interests of the regional district;
- Section 90(1)(k) of the *Community Charter* - negotiations and related discussions respecting the proposed provision of a regional service that are at their preliminary stages and that, in the view of the board, could reasonably be expected to harm the interests of the regional district if they were held in public;
- Section 90(2)(b) of the *Community Charter* - the consideration of information received and held in confidence relating to negotiations between the regional district and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

RECESS

10. RECONVENE OPEN MEETING
11. RISE AND REPORT
12. ADJOURNMENT

All/Unweighted

MOTION FOR CONSIDERATION

THAT the Fraser Valley Regional Hospital District Board Open Meeting of April 25, 2024 be adjourned.

To: Fraser Valley Regional District Board
From: Beth Klein, Controller/Deputy CFO

Date: 2024-04-25
File No:

Subject: 2023 Fraser Valley Regional Hospital District Financial Statements - Audited

RECOMMENDATION

THAT the Fraser Valley Regional District Hospital Board approve the 2023 Audited Financial Statements for the Fraser Valley Regional Hospital District.

BACKGROUND

The financial statements for the Fraser Valley Regional Hospital District (FVRHD) have been audited by **KPMG, the FVRHD's appointed independent auditor. Representatives from KPMG, along with Staff** will be presenting the 2023 Financial Statements to the Board and reviewing the Audit Findings Report.

The FVRHD's 2023 Audited Financial Statements are attached to this report. Copies of the final version will be available for inspection by the public on the Regional Districts website subsequent to approval by the Board.

DISCUSSION

Throughout 2023, the FVRHD continued to contribute to Reserve balances for future capital projects, pay down debt, and handle fluctuations in minor/medium capital requests, while continuing to consider taxpayer burden. Staff continued to focus on treasury management and the FVRHD was able to increase revenue by \$1.5M through investment income. Staff also continued to work with FHA on the timing of large capital projects to ensure maximization of current Reserve portfolios are obtained.

Audit Findings

KPMG has confirmed, in their 2023 Audit Findings report (AFR) attached, that the 2023 Financial Statements accurately reflect the financial position of the FVRHD as at December 31, 2023. Staff is pleased to report that there were no audit findings requiring adjustments to the financial statements. There was one new accounting standard adopted; however, did not require a change to current processes.

Financial Position

The FVRHD's Financial Assets increased by \$9M in 2023. Cash and cash equivalents remains consistent with balances in 2022 as the Hospital continues to benefit from high interest rates in cashable investments. Staff continued to focus on treasury management throughout 2023 resulting in a further \$8M of investments secured. Note 4 of the Financial Statements provides a detailed list of investments at December 31, 2023 including interest rates attained. Maturity dates continued to be staggered while confirmation on capital funding requirements through Fraser Health Authority (FHA) are pending.

The FVRHD did not incur new debt in 2023 and continued to make payments towards the outstanding debt remaining in place for contributions to Abbotsford and Chilliwack long-term care facilities. A detailed schedule of debt servicing can be found at the end of the attached financial statements. As shown, Actuarial Interest of \$1.5M was earned in 2023 and reduced the overall amount due on each debt issue over time. Further, in Note 6 interest and instalment payments for the next 5 years are listed. At the end of 2023, there was an outstanding debt balance of \$16.6M.

Overall, 2023 resulted in an increase of Accumulated Surplus by \$12M, ending the 2023 year with the following in Reserve funds:

Early Debt Retirement: \$5.5M

Minor/Medium Equipment: \$215K

Major Capital Projects: \$53.1M

Financial Activities

The Statement of Operations and Surplus outlines how the FVRHD accumulated the total surplus of \$12M throughout the year.

Through the 2023 budget process, the Board approved a 6% increase to requisition amounts to further provide funding for capital projects, which due to property assessment base changes, had little impact on residential property owners. In addition, due to favourable interest rates and continued treasury management practices, investment income increased by 134% resulting in an increase in revenue of \$1.5M.

Also in line with the 2023 budget, the Hospital District Board approved an increase to the 2022 contribution to FHA for minor/medium capital projects of \$1.4M, totalling \$3.224M of funding. The planned transfer to FHA for Major capital of \$20.1M related to the Abbotsford Long term Care project was not complete in 2023, and therefore shows a difference between budgeted and actual expenses. Reserve contributions were made in line with budget.

COST

There are no further costs associated with the report's recommendation. The costs of the annual external financial audit are within budget.

CONCLUSION

The 2023 Financial Statements are being presented to the Fraser Valley Regional Hospital District's Board for approval following completion of a comprehensive audit by KPMG.

COMMENTS BY:

Kelly Lownsbrough, Director of Corporate Services/CFO: Reviewed and supported.

Jennifer Kinneman, Chief Administrative Officer: Reviewed and supported.

**Fraser Valley Regional Hospital District
Management's Responsibility for Financial Reporting**

For the year ended December 31st, 2023

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Board. The Board reviews the external financial statements on an annual basis.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Regional Hospital District's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to financial management of the Regional Hospital District and meet when required.

On behalf of the Fraser Valley Regional Hospital District

Kelly Lownsbrough, CPA, CMA
Director of Corporate Services/Chief Financial Officer

Fraser Valley Regional Hospital District
Consolidated Statement of Financial Position

For the year ended December 31 **2023** 2022

Financial Assets

Cash and Cash Equivalents (Note 1)	\$ 29,723,700	\$ 29,652,557
Accounts Receivable (Note 2)	63,202	96,021
MFA Debt Reserve Cash (Note 3)	923,070	895,245
Accrued Interest	754,718	399,688
Investments (Note 4)	28,527,725	20,525,497
	59,992,415	51,569,008

Financial Liabilities

Accounts Payable (Note 5)	58,621	142,180
Debenture Debt (Note 6)	16,602,317	20,128,901
	16,660,938	20,271,081

Net Financial Assets	\$ 43,331,477	\$ 31,297,927
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Non-financial Assets

Tangible Capital Assets (Note 7)	5,890,002	5,904,914
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Accumulated Surplus	\$ 49,221,479	\$ 37,202,841
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Commitments (Note 10)

Chief Financial Officer

Fraser Valley Regional Hospital District
Consolidated Statement of Operations and Surplus

For the year ended December 31	Budget 2023	Actual 2023	Actual 2022
Revenues			
Requisition from members and participants	\$ 12,922,900	\$ 12,922,900	\$ 12,190,786
Investment income	1,310,700	2,543,582	1,077,297
Grants in place of taxes	130,000	136,441	128,757
Miscellaneous revenue	44,000	57,945	49,614
Interest on MFA cash reserve	-	27,825	19,559
Transfer from reserve funds	23,324,000	-	-
Total Revenue	37,731,600	15,688,693	13,466,013
Expenses:			
Transfer to Fraser Health Authority	23,324,000	3,224,000	1,800,000
Interest on long term debt (actuarial gain)	1,281,500	(241,160)	(329,669)
Administration charge	640,000	528,000	472,000
Operating expenses	234,000	144,303	46,515
Amortization	-	14,912	14,912
Total Expenses	25,479,500	3,670,055	2,003,758
Annual Surplus	\$ 12,252,100	\$ 12,018,638	\$ 11,462,255
Accumulated Surplus, beginning of year	\$ 37,202,841	\$ 37,202,841	\$ 25,740,586
Accumulated Surplus, end of year	\$ 49,454,941	\$ 49,221,479	\$ 37,202,841

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Fraser Valley Regional District Hospital
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	2023	2022
Annual Surplus	\$ 12,018,638	\$ 11,462,255
Amortization of tangible capital assets	14,912	14,912
Change in net financial assets	12,033,550	11,477,167
 Net Financial Assets, beginning of year	 \$ 31,297,927	 \$ 19,820,760
Net Financial Assets, end of year	\$ 43,331,477	\$ 31,297,927

Represented by:

Current Fund (Note 8)	1,030,058	747,674
Reserve Funds (Note 9)	58,903,736	50,679,154
Amount to be recovered from future requisitions	(16,602,317)	(20,128,901)
	\$ 43,331,477	\$ 31,297,927

Fraser Valley Regional District Hospital
Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
Operations		
Annual Surplus	\$ 12,018,638	\$ 11,462,255
Items not involving cash		
Amortization of tangible capital assets	14,912	14,912
Change in non-cash operating items		
Accounts receivable and accrued interest	(350,036)	(106,462)
Accounts payable	(83,559)	(280,332)
	11,599,955	11,090,374
Financing		
Debt principal payments	(3,526,584)	(3,385,083)
	(3,526,584)	(3,385,083)
Investing		
Decrease/(Increase) in portfolio investments	(8,002,228)	1,782,597
	(8,002,228)	1,782,597
Increase in cash during the year	71,143	9,487,887
Cash and cash equivalents, beginning of year	29,652,557	20,164,670
Cash and cash equivalents, end of year	\$ 29,723,700	\$ 29,652,557

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

The Fraser Valley Regional Hospital District ("Hospital District") is a governing agency for the hospitals in the Fraser Valley region and is incorporated under the Hospital District Act. The Hospital District covers hospitals located in Hope, Chilliwack, Abbotsford, and Mission. Its principal activities are to finance capital construction projects and capital equipment purchases for health care facilities within the Fraser Valley Regional District.

Basis of Presentation	The Hospital District financial statements have been prepared in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. All material inter-fund transactions have been eliminated.
Revenue and Expenditure Recognition	Accounting for all funds is done on the full accrual basis.
Investments	Investments are portfolio investments recorded at cost plus accrued interest, less any provisions for other than temporary impairment.
Budget Amounts	Budget amounts reflect the statutory annual budget as adopted by the board on March 23, 2023.
Use of Estimates	The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and at the date of the financial statements, and reported amounts of revenue and expenditures during the reported period. Actual results could differ from those estimates.
Administration Costs	Pursuant to Hospital District Bylaw 0081,2023 and Section 17(2) of the Hospital District Act, administration fees of \$528,000 (2022 - \$472,000) were paid by the Hospital District to the Fraser Valley Regional District.
Financial instruments	<p>Financial instruments include cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities and debt. Cash and cash equivalents include cash, high interest savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Investments are comprised of non-redeemable guaranteed investment certificates, Municipal Finance Authority ("MFA") pooled funds and bonds issued by Canadian chartered banks.</p> <p>Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently measured at cost or amortized cost unless the Hospital District has elected to carry the financial instrument at fair value. The Hospital District has not elected to carry any financial instruments at fair value.</p>

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

Financial instruments (con't)

Unrealized changes in fair value would be recognized on the consolidated statement of remeasurement gains and losses. They are recorded in the consolidated statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Hospital District does not have a consolidated statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost or amortized cost are included in the cost.

Sales and purchases of investments are recorded on the trade date.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations.

Non-Financial Assets

Non-financial assets are not available to discharge existing liability and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life – Years
Parking Lot	20

Adoption of new accounting standards

PS 3450 Financial Instruments and related standards:

On January 1, 2023, the the Hospital District adopted Canadian public sector accounting standard PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. Under PS 3450 Financial Instruments, all financial instruments are included on the statement of financial position and are measured at either fair value or cost or amortized cost based on the characteristics of the instrument and the Hospital District's accounting policy choices (see note 4).

The adoption of these standards did not have an impact on the amounts presented in these financial statements.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

1 Cash and Cash Equivalents

Cash and cash equivalents include cash as well as deposits in a high-interest savings account. The Hospital District will utilize Cashable Deposits for short term or temporary investments as they are highly liquid and readily convertible to known amounts of cash.

	2023		2022
Cash	\$ 29,723,700	\$	29,652,557
	<u>\$ 29,723,700</u>	<u>\$</u>	<u>29,652,557</u>

2 Accounts Receivable

	2023		2022
Provincial/Municipal Government	\$ 60,877	\$	95,914
Goods & Services Tax Rebates	\$ 2,235	\$	107
Due from Fraser Valley Regional District	\$ 90	\$	-
	<u>\$ 63,202</u>	<u>\$</u>	<u>96,021</u>

3 Municipal Finance Authority Debt Reserve

The Fraser Valley Regional Hospital District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, the Regional Hospital District has established a fund equal to one half the annual instalment of principal and interest of debentures issued. The cash portion of the fund is equal to one percent of the total principal. The proceeds are withheld by the Municipal Finance Authority as a debt reserve fund.

The demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at year end are as follows:

	2023		2022
Cash Deposits	\$ 923,070	\$	895,245
Demand Notes	1,721,541		1,721,541
	<u>\$ 2,644,611</u>	<u>\$</u>	<u>2,616,786</u>

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

4 Investments

	Amount	Effective Interest rate	Maturity Date
GICs			
Royal Bank of Canada GIC	2,000,000	3.80%	May 30, 2024
Scotia Bank GIC	1,000,000	5.20%	June 24, 2024
Bank of Montreal GIC	1,007,600	4.47%	June 24, 2024
Envision GIC	5,000,000	5.85%	December 20, 2024
Coast Capital Savings GIC	1,600,000	5.40%	February 10, 2025
Coast Capital Savings GIC	1,335,200	5.25%	April 25, 2025
Coast Capital Savings GIC	3,400,000	5.20%	May 8, 2025
Bank of Montreal GIC	1,500,000	5.00%	May 29, 2025
Bank of Montreal GIC	2,300,000	5.35%	July 4, 2025
Envision GIC	1,500,000	5.75%	December 22, 2025
Coast Capital Savings GIC	1,500,000	5.70%	November 30, 2026
Prospera CU GIC	1,500,000	5.45%	December 22, 2026
Bonds			
Bank of Montreal Stp	900,000	1.25%	November 6, 2028
Bank of Montreal Ext Stp	4,000,000	1.55%	December 30, 2030
Discount on purchase of deposit note	(15,075)		
	\$ 28,527,725		

Investments at December 31st, 2023 have a total carrying value of \$29,082,570 (2022 - \$20,757,823), consisting of investments of \$28,527,725 (2022 - \$20,525,497) and related accrued interest of \$554,845 (2022 - \$232,326). The market value of these investments at December 31st, 2023 is \$28,329,759 (2022 - \$19,782,793).

5 Accounts Payable

Amounts owing on short-term debt obligations include a Tenant Deposit connected to possible future development of the Mary Street Parking lot property the Hospital District assumed at the time of purchasing the property.

	2023	2022
Trades Payable	\$ 44,840	\$ 17,584
Tenant Deposit	13,781	13,781
Due to Fraser Valley Regional District	-	110,815
	\$ 58,621	\$ 142,180

Fraser Valley Regional Hospital District
Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

6 Debenture Debt

The Fraser Valley Regional Hospital debenture debt is borrowed through the Municipal Finance Authority and is administered by the Municipal Finance Authority. Hospital debenture debt is as follows:

	2023	2022
Debentures, fixed interest at 1.28% to 3.90% due in various years through 2030.	\$ 58,725,070	\$ 58,725,070
Less sinking fund reserve	(42,122,753)	(38,596,169)
	\$ 16,602,317	\$ 20,128,901

Sinking fund instalments and interest for the next five years for debentures outstanding at December 31st, 2023 are as follows:

	Sinking Fund	Actuarial Adjustment	Total
2024	2,036,445	1,626,111	3,662,556
2025	2,036,445	1,767,345	3,803,790
2026	2,036,445	1,914,043	3,950,488
2027	1,137,514	995,680	2,133,194
2028	679,139	647,935	1,327,074
2028 and beyond	862,949	862,266	1,725,215
	\$ 8,788,9367	\$ 7,813,380	\$ 16,602,317

Fraser Valley Regional Hospital District
Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

7 Tangible Capital Assets

	Balance at December 31,		Transfers and		Balance at December 31,
Cost	2022	Additions	Disposals		2023
Land	\$ 5,586,001	\$ -	\$ -	\$	5,586,001
Land Improvements	298,230	-	-		298,230
Assets under Constr.	110,152	-	-		110,152
Total	\$ 5,994,383	\$ -	\$ -	\$	5,994,383

	Balance at December 31,		Amortization		Balance at December 31,
Accumulated	2022	Disposals	expense		2023
Amortization					
Land Improvements	\$ 89,469	\$ -	\$ 14,912	\$	104,381
Total	\$ 89,469	\$ -	\$ 14,912	\$	104,381

	Net book value December 31,		Net book value December 31,	
	2022		2023	
Land	\$ 5,586,001		\$ 5,586,001	
Land Improvements	208,761		193,849	
Assets under Constr.	110,152		110,152	
Total	\$ 5,904,914		\$ 5,890,002	

Assets under Construction

Assets under construction having a value of \$110,152 (2022 - \$110,152) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Fraser Valley Regional Hospital District Notes to Consolidated Financial Statements

For the year ended December 31st, 2023

8 Restricted Assets

The Regional Hospital District has restrictions on the cash and investments available for operational use as follows:

	2023	2022
Cash and Cash Equivalents	\$29,723,700	\$ 29,652,557
Investments	28,527,725	20,525,497
Accrued Interest Receivable	754,718	399,688
Accounts Receivable	63,202	96,021
MFA Debt Reserve Cash receivable	923,070	895,245
	59,992,415	51,569,008
Less restrictions for reserve fund (note 9)	(58,903,736)	(50,679,154)
Trades Payable	(44,840)	(17,584)
Owing to Fraser Valley Regional District	-	(110,815)
Owing to Tenant Deposit	(13,781)	(13,781)
Funds available for operational use	\$ 1,030,058	\$ 747,674

9 Reserve Funds

The Regional Hospital District is empowered under Section 20(2) of the Hospital Act to assess a special levy. Funds raised for this purpose are intended to be used for financing minor and other capital costs not necessarily provided for under approved capital financing projects. Funds raised under this section and not expended at year end are carried forward to be expended in succeeding years.

The total balance in the amount has been allocated as follows:

	2023	2022
Appropriated		
Early Debt Retirement	\$ 5,538,765	\$ 4,056,265
Minor/Medium Equipment	215,994	215,994
Major Capital Projects	53,148,977	46,406,895
	\$ 58,903,736	\$ 50,679,154

10 Commitments

The Regional Hospital District has entered into a commitment for funding to the Fraser Health Authority in the amount of \$62.8M in capital funding for various long term projects. The Regional Hospital District will fund these commitments from cash and cash equivalents, investments, future member requisitions and borrowings.

FRASER VALLEY REGIONAL HOSPITAL DISTRICT
DEBT SERVICING SCHEDULE
Year ended December 31, 2023

MFA Issue No.	RHD Bylaw No.	Term (years)	Year of Maturity	Original Issue	Outstanding Balance December 31, 2022	New Debt 2023	Annual Debt Charges			Balance at December 31, 2023
							Principal	Interest	Actuarial Earnings	
99	21	20	2027	26,768,448	7,149,693	-	898,931	409,557	784,750	5,466,012
102	21	20	2027	12,206,623	3,998,559	-	458,374	476,058	287,283	3,252,902
105	42	20	2029	4,750,000	2,097,798	-	159,513	106,875	106,088	1,832,197
106	42	20	2029	10,000,000	4,416,417	-	335,818	225,000	223,343	3,857,256
110	42	20	2030	5,000,000	2,466,434	-	183,809	64,000	88,675	2,193,950
				<u>\$58,725,071</u>	<u>\$20,128,901</u>	<u>\$0</u>	<u>\$2,036,445</u>	<u>\$1,281,490</u>	<u>\$1,490,139</u>	<u>\$16,602,317</u>



KPMG LLP
Suite 200 - 9123 Mary Street
Chilliwack BC V2P 4H7
Canada
Telephone (604) 793-4700
Fax (604) 793-4747

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Fraser Valley Regional Hospital District

Opinion

We have audited the accompanying consolidated financial statements of Fraser Valley Regional Hospital District (the "District") which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statements of operations and surplus for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2023, and its consolidated results of operations and deficit, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

Chilliwack, Canada

April 25, 2024

FRASER VALLEY REGIONAL HOSPITAL DISTRICT
45950 CHEAM AVENUE
CHILLIWACK, BC V2P 1N6

KPMG LLP
200-9123 Mary Street
Chilliwack, BC V2P 4H7
Canada

Date of Board Acceptance of the Financial Statements

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Fraser Valley Regional Hospital District ("the District") as at and for the period ended December 31, 2023.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 6, 2023, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the District, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the District's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the District's ability to continue as a going concern.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 11) We confirm that the District is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the District will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

By: Ms. Kelly Lownsbrough, Director of Finance

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the District's own circumstances.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



Fraser Valley Regional Hospital District

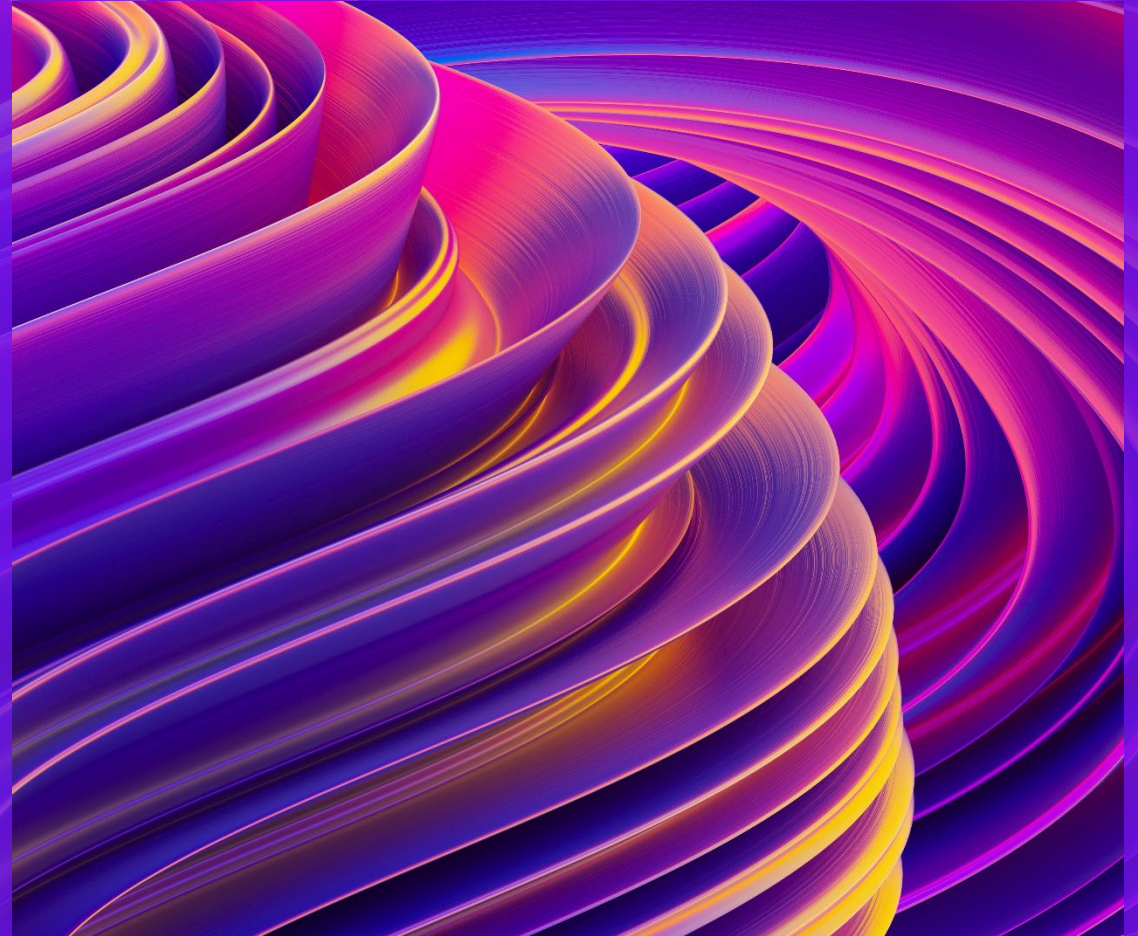
Audit Findings Report for the year
ended December 31, 2023

KPMG LLP

For discussion with the Board as of April 15, 2024

For presentation on April 25, 2024

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

Sean Reid, CPA, CA

Lead Audit Engagement Partner

(604) 793-4708

srreid@kpmg.ca

Christina Miano, CPA

Senior Manager

604-527-3684

christinamiano@kpmg.ca

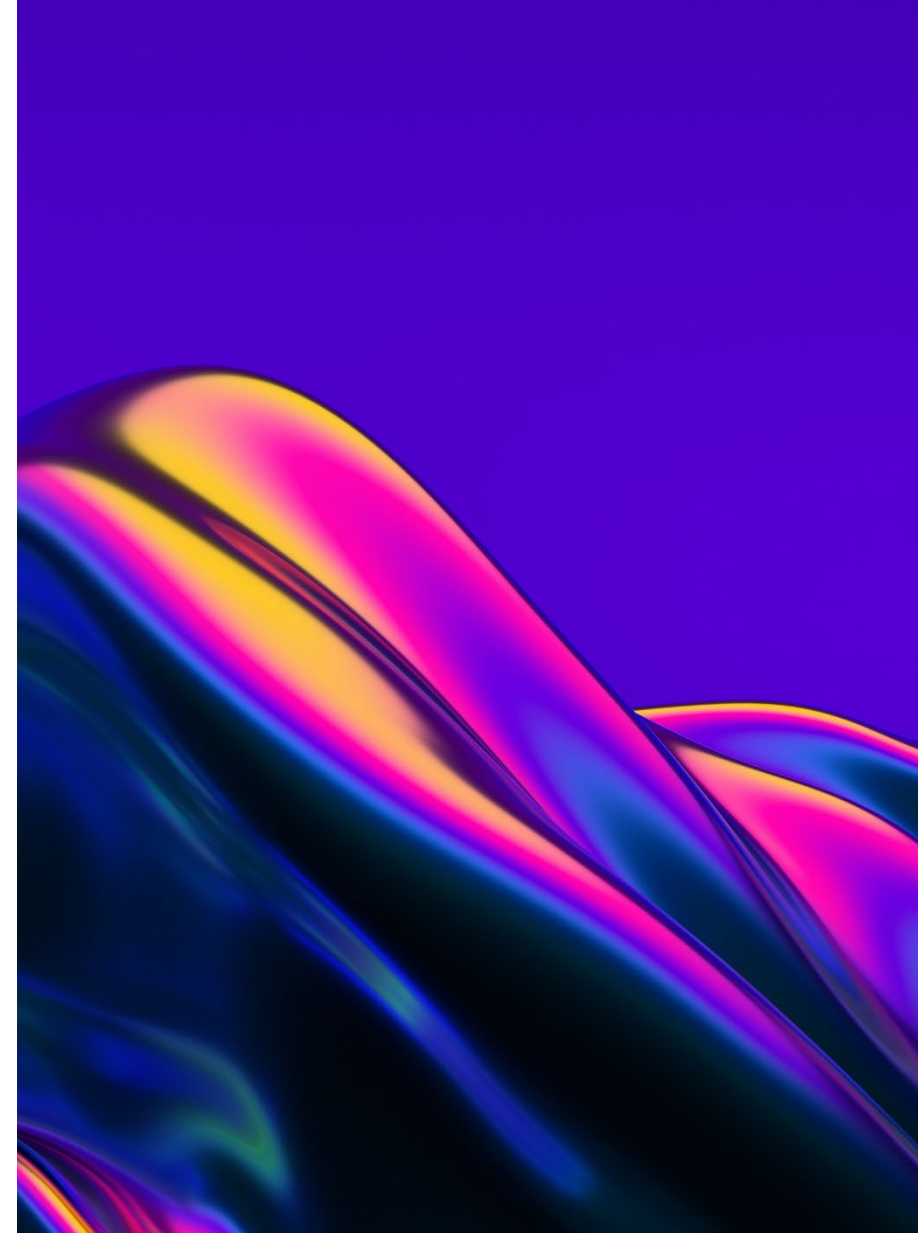


Table of contents

4

Highlights

6

Materiality

7

Risks and
results

11

Accounting
policies and
practices

12

Control
deficiencies

14

Appendices

The purpose of this report is to assist you, as a member of the Board of Directors (the “Board”), in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of management, and the Board and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.



Highlights



No matters to report



Matters to report – see link for details

Scope

Our audit of the consolidated financial statements (“financial statements”) of the Fraser Valley Regional Hospital District (“the District”) as of and for the year ended December 31, 2023 is performed in accordance with Canadian auditing standards.

Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Board
- Completing subsequent event review procedures up to the date Board’s approval of the financial statements
- Receipt of the signed management representation letter

We will update the Board, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor’s report, a draft of which is attached to the financial statements, will be dated upon the completion of any remaining procedures.

Risk assessment



Other risks of material misstatement



Risk of management override of controls



- Revenues
- Expenses
- Financial instruments – new accounting standards



Highlights (continued)



No matters to report



Matters to report – see link for details

Corrected misstatements



We did not identify any misstatements that were corrected in the financial statements.



Uncorrected misstatements



We did not identify any misstatements that were uncorrected in the financial statements.

Accounting policies

There have been no initial selections of, or changes to, significant accounting policies and practices, except for the initial implementation of PS 3450 *Financial Instruments* and related standards (see page 10).

Control deficiencies



We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

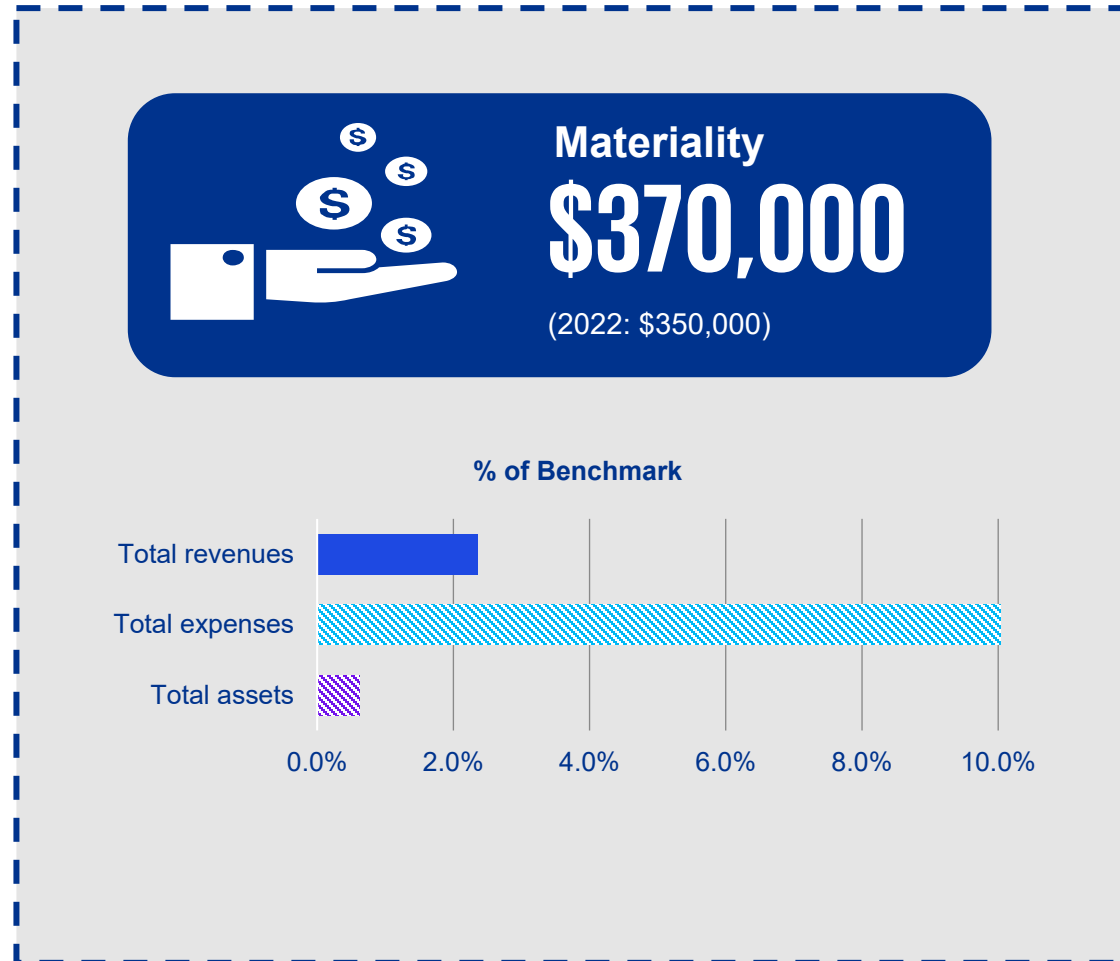


Independence

We confirm that we are independent with respect to the District within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2023 up to the date of this report.



Materiality



Total actual revenues

\$15,688,693

(2022: \$13,466,013)

No change in benchmark compared to prior year

% of Benchmark

2.36%

(2022: 2.75%)

The prescribed range is between 0.5% and 3.0% of the benchmark

Audit Misstatement Posting Threshold

\$18,500

(2022: \$17,500)

Set as 5% of materiality



Risks and results



Risk of management override of controls

RISK OF



FRAUD

Significant risk

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our response

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates.
- Evaluating the business rationale of significant unusual transactions.

Our findings

There were no issues noted in our testing.



Risks and results (continued)



Other risks of material misstatement (continued)

RISK OF



ERROR

Other risks of material misstatement

Estimate?

Revenues

No

Our response and findings

- We tested all municipal requisitions, and agreed the balances recorded to amounts deposited in the bank and to other supporting documentation
- We performed a reasonability calculation for interest income using rates from investment confirmations received directly investment corporations.

Our findings

There were no issues noted in our testing



Risks and results (continued)



Other risks of material misstatement (continued)

RISK OF

ERROR

Other risks of material misstatement

Estimate?

Expenses

No

Our response and findings

- We updated our understanding and performed a walkthrough of the process activities and controls over expenses.
- We selected a sample of payments made, invoices received and amounts recorded subsequent to year-end to ensure expenses are recorded in the appropriate fiscal year.

Our findings

There were no issues noted in our testing



Risks and results (continued)



Other risks of material misstatement (continued)

RISK OF



ERROR

Other risks of material misstatement	Estimate?
Financial instruments – New accounting standards	No
Background <p>The new standards PS 3450 <i>Financial Instruments</i>, PS 2601 <i>Foreign Currency Translation</i>, PS 1201 <i>Financial Statement Presentation</i> and PS 3041 <i>Portfolio Investments</i> are effective for the City's 2023 fiscal year. Equity instruments quoted in an active market and derivatives are required to be measured at fair value. All other financial instruments can be carried at cost or amortized cost or fair value depending on the City's accounting policy choice. The City has elected to carry all other financial instruments at cost or amortized cost.</p>	
Our response <ul style="list-style-type: none"> We inquired with management the process applied to analyze the appropriate recognition, measurement, presentation and disclosure of financial instruments. We obtained an understanding of the significant accounting policies applied to financial instruments to ensure they comply with the new accounting standards. We ensured financial instruments have been appropriately recognized and measured in accordance with the new accounting standards. We reviewed the financial statement note disclosures to ensure they are in accordance with Canadian public sector accounting standards. 	
Our findings <p>There were no issues noted in our testing</p>	



Accounting policies and practices



Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices, except for the adoption of new accounting standards –new financial instruments standards *PS 3450 Financial instruments*, *PS 2601 Foreign currency translation*, *PS 1201 Financial statement presentation* and *PS 3041 Portfolio* .
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the District's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the District's asset and liability carrying values.



Significant disclosures and financial statement presentation

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.



Control deficiencies

Consideration of internal control over financial reporting (“ICFR”)

In planning and performing our audit, we considered ICFR relevant to the City’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.



Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

Significant deficiencies in ICFR

There were no significant deficiencies in ICFR.



Appendices

1

Required communications

2

Draft management representation letter

3

Current developments

4

Newly effective and upcoming changes to auditing standards

5

Thought leadership and insights

6

Audit and assurance insights

7

Financial statement trend analysis



Appendix 1: Required communications



Auditor's report

A copy of our draft auditor's report setting out the conclusion of our audit has been included in the draft financial statements.

Management representation letter

We will obtain from management certain representations. In accordance with professional standards, a copy of the representation letter is included in Appendix 2.



Independence

We have confirmed our independence to the Committee.

Internal control deficiencies

No control deficiencies have been identified during the audit.



Appendix 2: Draft management representation letter



Appendix 3: Current developments

Changes in accounting standards

Standard	Summary and implications
Revenue <i>Effective 2024</i>	<ul style="list-style-type: none"> The new standard PS 3400 <i>Revenue</i> is effective for fiscal years beginning on or after April 1, 2023. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Public Private Partnerships <i>Effective 2024</i>	<ul style="list-style-type: none"> The new standard PS 3160 <i>Public private partnerships</i> is effective for fiscal years beginning on or after April 1, 2023. The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. The standard can be applied retroactively or prospectively.



Appendix 3: Current developments (continued)

Changes in accounting standards (continued)

Standard	Summary and implications
Purchased Intangibles <i>Effective 2024</i>	<ul style="list-style-type: none"> The new Public Sector Guideline 8 <i>Purchased intangibles</i> is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted. The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. Narrow scope amendments were made to PS 1000 <i>Financial statement concepts</i> to remove the prohibition to recognize purchased intangibles and to PS 1201 <i>Financial statement presentation</i> to remove the requirement to disclose purchased intangibles not recognized. The guideline can be applied retroactively or prospectively.
Employee benefits <i>Proposed 2027</i>	<ul style="list-style-type: none"> The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. The intention is to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. The proposed section PS 3251 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.



Appendix 3: Current developments (continued)

Changes in accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance <i>Proposed 2027</i>	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation <i>Proposed 2027</i>	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the District’s financial position. The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.



Appendix 4: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments



Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

.....
(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

.....
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

.....
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....
Revised special considerations – Audits of group financial statements



Appendix 5: Thought leadership and insights

Current trends in Internal Audit

Organizations continually face a wide spectrum of risks beyond the already complex financial and regulatory compliance risks. Many organizations are recognizing the impact and benefit of internal audit activity that is agile, properly resourced, effectively managed, and aligned with strategic priorities, which can improve risk management and control processes and drive better efficiencies.

Examples of internal audits are noted below.

Cost reduction / efficiency planning

Review the governance arrangements for the monitoring and efficiency delivery of programs/services as required. This includes considering how efficiency requirements have been apportioned and communicated to support planning.

Fraud Risk Management

Internal Audit assesses whether a fraud risk management framework exists and whether fraud risk assessment is performed at these levels. IA reviews the overall governance surrounding this process and review the communication and reporting protocols in place.

Staff Inclusion and Diversity

Assess the strategy and plan in place for inclusion and diversity amongst staff, the governance of them and the measures in place to measure achievement of the goals. Training and awareness programs are offered to staff and faculty to provide understanding of roles and responsibilities pertaining to EDI and material is updated on a regular basis.

Asset Management/ Maintenance

Review the processes and controls in place to ensure assets are adequately managed based on an appropriate schedule.

Wellbeing (Staff)

Review processes in place to develop and promote employee wellness programs and mental-health strategies for faculty and staff. Areas of focus include overall program framework, communication to faculty and staff, feedback mechanisms and management's approach to assessing the suitability of the current wellness offerings version faculty and staff needs.



Appendix 5: Thought leadership and insights (continued)

Cybersecurity: Incident Response Preparedness

With cyber attacks growing more widespread, it is becoming essential for executives to be involved in responding to cybersecurity incidents. Incident response preparedness can help leaders quickly identify gaps and gain information necessary to make informed decisions when faced with cybersecurity threats. Example of common topics addressed in incident response plans are noted below.



Which roles are included in the District's core executive incident response team to make decisions and address circumstances surrounding an incident?

Who is responsible for engaging the District's insurer?

Consideration should be given to who should contact the insurance provider and under what circumstances the insurance provider should be engaged.

Who is responsible for leading communications?

Consideration should be given to who should be involved in enacting the communication plan and managing internal and external communications.

Should a ransom be paid?

Consideration should be given to who should be involved in the decision to pay a ransom, the engagement of a third-party to negotiate the ransom on behalf of the District, risks associated with ransom demands from prohibited organizations or countries and the District insurance provider's stance on ransom payment.



Who is responsible for notifying the Board?

Consideration should be given to who should engage the Board and under what circumstances the Board should be engaged?

Should Law Enforcement be Involved?

Consideration should be given to whether law enforcement should be contacted regarding the incident and, if so, who should be responsible for contacting law enforcement.

Who is responsible for considering additional risks?

Consideration should be given to risks associated with non-restoration of systems, data exposure, subsequent attacks and potential sanctions.



Appendix 5: Thought leadership and insights (continued)

Thought leadership – Environmental, social and governance (“ESG”)

First IFRS Sustainability Disclosure Standards

The arrival of the first two IFRS Sustainability Disclosure Standards marks a key milestone in sustainability reporting and is a significant step towards creation of a global baseline for stakeholder-focused sustainability reporting that local jurisdictions can build on. **Although the standards are not required to be adopted by the District, the new IFRS sustainability standards provide key insights into what the future of sustainability reporting may look like for the District.**

Summary of the recently released standards

The standards build on the four-pillar structure of the **Task Force on Climate-related Financial Disclosures**.

The **general requirements standard (IFRS S1)** defines the scope and objectives of reporting and provides core content, presentation and practical requirements.

It requires disclosure of material information on all sustainability-related risks and opportunities – not just on climate.

The **climate standard (IFRS S2)** replicates the core content requirements and supplements them with climate-specific reporting requirements.



Visit KPMG's Sustainability Reporting website for more information, including a comprehensive summary of the new requirements and KPMG's insights and illustrative examples for the new standards.

[Click here](#) to access KPMG's portal



Appendix 5: Thought Leadership and insights (continued)

Climate Risk in the Financial Statements

All entities are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on industry-specific risks.

How might
climate-
related risks
impact the
financial
statements?

01

Assets

Consider the useful lives and residual values of assets, cash flow projections used for impairment testing of non-financial assets, and the potential impacts on inventories.

02

Liabilities

Consider the recognition of environmental and decommissioning obligations, accounting for emissions or 'green' schemes, impact on employee-benefit arrangements, and restructuring provisions.

03

Borrowers

Consider the accounting for different forms of government assistance, potential for embedded derivatives in green bonds, lease of green technology, impacts of leasing polluting assets.

04

Lenders

Consider how climate-related risks impact operating and financing leases, the potential impact on expected credit losses, and whether green loans meet the solely payments of principal and interest (SPPI) criterion.

05

Disclosures

Consider the impact on the going concern assessment and related disclosures and whether the impacts of climate-related matters have been disclosed clearly.

[See here for more information](#)





Appendix 5: Thought Leadership and insights (continued)

Climate Risk in the Financial Statements

All entities are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on industry-specific risks.





Appendix 5: Thought Leadership and insights (continued)



KPMG research shows that:

Eighty-seven percent of IT decision makers believe that technologies powered by AI should be subject to regulation.

- Of that group, 32 percent believe that regulation should come from a combination of both government and industry.
- Twenty-five percent believe that regulation should be the responsibility of an independent industry consortium.

Ninety-four percent of IT decision makers feel that firms need to focus more on corporate responsibility and ethics while developing AI solutions.

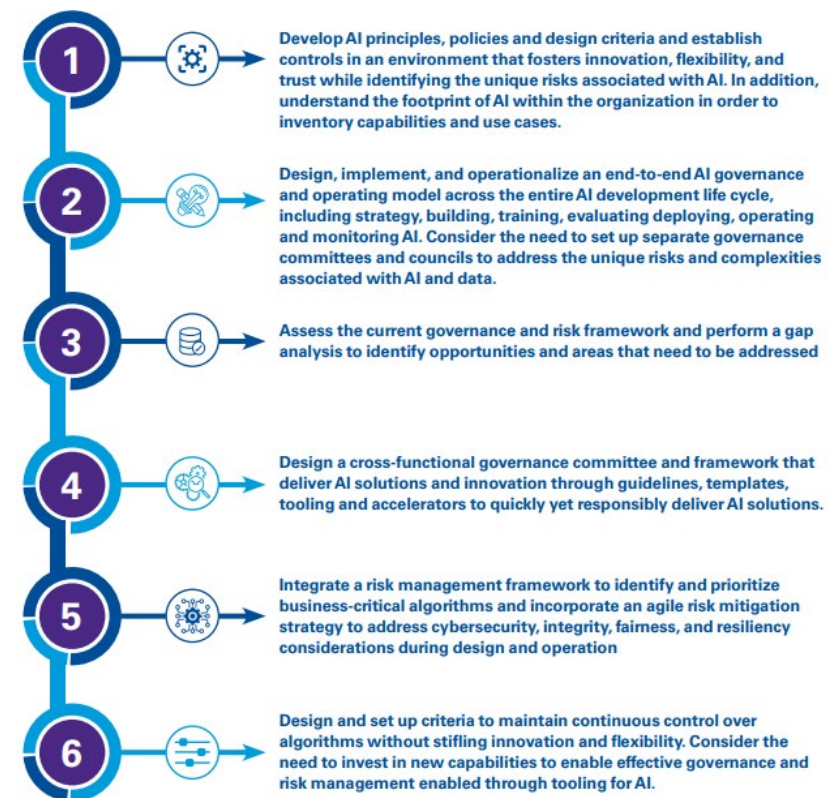
Source:

Per a study of 300 ITDMs from the UK and the US, conducted by Vanson Bourne on behalf of SnapLogic:

<https://www.businesswire.com/news/home/20190326005362/en/AI-Ethics-Deficit-%E2%80%9494-Leaders-Call>

For AI solutions to be transformative, trust is imperative. This trust rests on four main anchors: integrity, explainability, fairness, and resilience. These four principles (enabled through governance) will help organizations drive greater trust, transparency, and accountability.

- 1. Integrity** — algorithm integrity and data validity including lineage and appropriateness of how data is used
- 2. Explainability** — transparency through understanding the algorithmic decision-making process in simple terms
- 3. Fairness** — ensuring AI systems are ethical, free from bias, free from prejudice and that protected attributes are not being used
- 4. Resilience** — technical robustness and compliance of your AI and its agility across platforms and resistance against bad actors



home.kpmg/ShapeofAIGovernance



Appendix 6: Audit and assurance insights

Our latest thinking on the issues that matter most to Finance, Audit and Facilities Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for Finance, Audit and Facilities Committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Finance, Audit and Facilities Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping Finance, Audit and Facilities Committee effectiveness in Canada.

Accelerate 2023

The key issues driving the Finance, Audit and Facilities Committee agenda in 2023.

Momentum

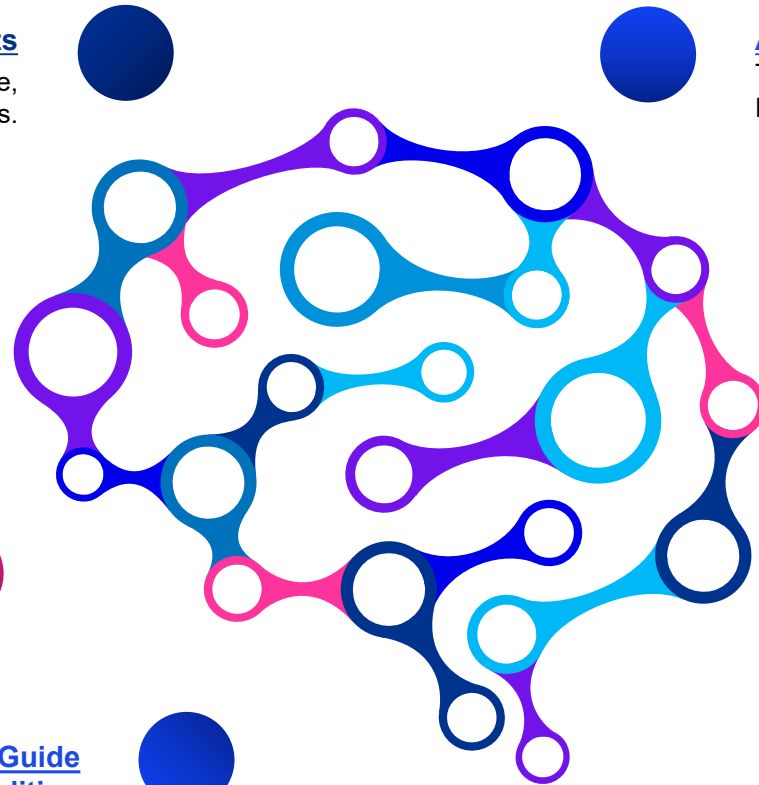
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



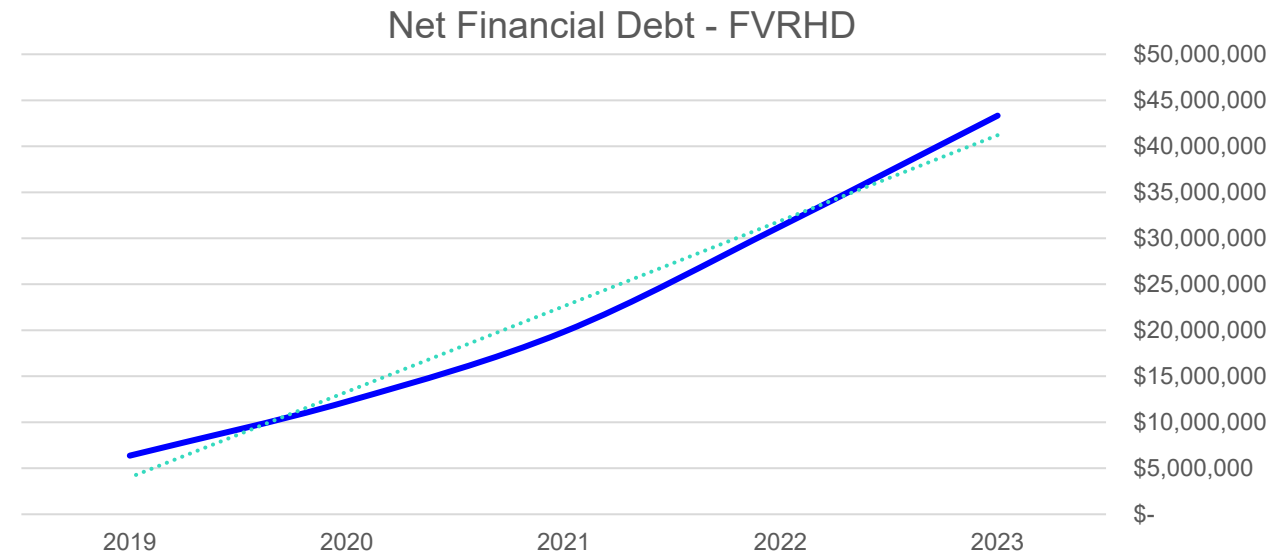


Appendix 7: Financial statement trend analysis

Fraser Valley Regional Hospital District

Net financial assets is a measurement of the available financial resources that the Hospital District has to finance future operations.

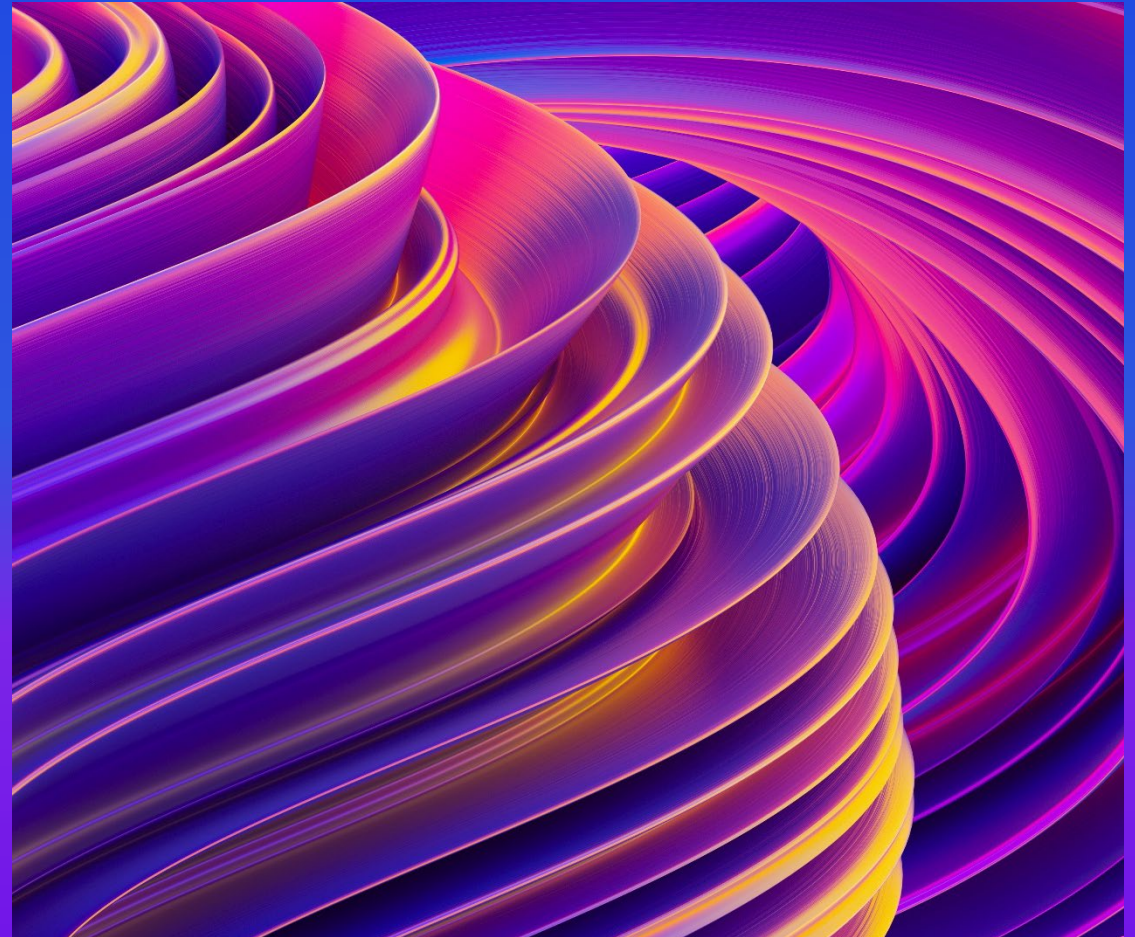
The net financial assets have been increasing at an average rate of 46.7% per year with an increase of 38% when compared to 2022. This represents an increasing accumulation of financial assets. Specifically, cash and investments have increased by \$8 million and debenture debt has decreased \$3.5 million compared to 2022.





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FRASER VALLEY REGIONAL HOSPITAL DISTRICT

BOARD MEETING

OPEN MEETING MINUTES

Thursday, March 21, 2024

6:00 pm

In person at FVRD Boardroom & by Zoom Conference Call

Members Present:

- Director Sylvia Pranger, District of Kent, Chair
- Director Paul Horn, City of Mission, Acting Chair
- Director Peter Adamo, Electoral Area B
- Director Les Barkman, City of Abbotsford
- Director Cory Cassel, Electoral Area G
- Director Hugh Davidson, Electoral Area F (Zoom)
- Director Bill Dickey, Electoral Area D
- Director Taryn Dixon, Electoral Area H (Zoom)
- Director Leo Facio, Village of Harrison Hot Springs
- Director Jag Gill, City of Mission (Zoom)
- Director Diane Johnson, Electoral Area A
- Director Chris Kloot, City of Chilliwack
- Director Dave Loewen, City of Abbotsford
- Director Jason Lum, City of Chilliwack
- Director Patti MacAhonic, Electoral Area E
- Director Ken Popove, City of Chilliwack
- Director Nicole Read, City of Chilliwack
- Director Patricia Ross, City of Abbotsford
- Director Dave Sidhu, City of Abbotsford (Zoom)
- Director Ross Siemens, City of Abbotsford
- Director Victor Smith, District of Hope
- Director Mel Waardenburg, Electoral Area C

Regrets:

- Director Kelly Chahal, City of Abbotsford
- Director Simon Gibson, City of Abbotsford

Staff Present:

- Jennifer Kinneman, Chief Administrative Officer
- Kelly Lownsborough, Director of Corporate Services / CFO (Zoom)
- Jaime Van Nes, Director of Legislative Services/Corporate Officer
- Stacey Barker, Director of Regional Services/Deputy CAO
- Tareq Islam, Director of Engineering
- Lauren Olynick, Deputy Corporate Officer
- Hasib Nadvi, Deputy Director of Planning and Development
- Sam Piper, Manager of Communications
- Beth Klein, Controller/Deputy CFO

Lance Lilley, Manager of Environmental Services
Tarina Colledge, Manager of Emergency Management
Christina Vugteveen, Manager of Parks (Zoom)
Joel Niezen, Support Technician
Amanda Molloy, Administrative Manager (*recording secretary*)

Also Present: Two members of the public, one in person and one via zoom.

1. LAND ACKNOWLEDGEMENT

Chair Sylvia Pranger recognized the homeland of the 30 First Nation communities of the area now called the Fraser Valley Regional District.

2. CALL TO ORDER

The open meeting was called to order at 6:00pm.

3. APPROVAL OF AGENDA, ADDENDA AND LATE ITEMS

Moved By FACIO
Seconded By KLOOT

THAT the Agenda, Addenda and Late Items for the Fraser Valley Regional Hospital District Board Open Meeting of March 21, 2024 be approved:

AND THAT all delegations, reports, correspondence and other information set to the Agenda be received for information.

CARRIED
All/Unweighted

4. MINUTES / MATTERS ARISING

4.1 Draft Fraser Valley Regional Hospital District Board Meeting Minutes - February 29, 2024

Moved By HORN
Seconded By SIEMENS

THAT the Minutes of the Fraser Valley Regional Hospital District Board Open Meeting held February 29, 2024 be adopted.

CARRIED
All/Unweighted

5. NEW BUSINESS

5.1 2024 Hospital District Annual Budget

Moved By HORN
Seconded By LUM

THAT the Fraser Valley Regional Hospital District give first reading to the bylaw cited *Fraser Valley Regional Hospital District Annual Budget Bylaw No. 0084, 2024;*

CARRIED
All/Weighted

Moved By MACAHONIC
Seconded By ROSS

THAT the Fraser Valley Regional Hospital District give second and third readings to the bylaw cited *Fraser Valley Regional Hospital District Annual Budget Bylaw No. 0084, 2024;*

CARRIED
All/Weighted

Moved By LUM
Seconded By JOHNSON

THAT the Fraser Valley Regional Hospital District adopt the bylaw cited *Fraser Valley Regional Hospital District Annual Budget Bylaw No. 0084, 2024.*

CARRIED
All/Weighted (2/3 Votes Cast)

5.2 2024 Capital Expenditure Bylaw

Moved By FACIO
Seconded By KLOOT

THAT the Fraser Valley Regional Hospital District give first reading to the bylaw cited as *Fraser Valley Regional Hospital District Capital Expenditure Bylaw No. 0085, 2024;*

CARRIED
All/Weighted

Moved By ADAMO
Seconded By POPOVE

THAT the Fraser Valley Regional Hospital District give second and third readings to the bylaw cited as *Fraser Valley Regional Hospital District Capital Expenditure Bylaw No. 0085, 2024*;

CARRIED
All/Weighted

Moved By JOHNSON
Seconded By MACAHONIC

THAT the Fraser Valley Regional Hospital District adopt the bylaw cited as *Fraser Valley Regional Hospital District Capital Expenditure Bylaw No. 0085, 2024*.

CARRIED
All/Weighted (2/3 Votes Cast)

6. REPORTS FROM BOARD DIRECTORS

No items.

7. ADDENDA ITEMS/LATE ITEMS

No items

8. PUBLIC QUESTION PERIOD FOR ITEMS RELEVANT TO AGENDA

No questions were asked online or in person and no written correspondence was received.

9. RESOLUTION TO CLOSE MEETING

Moved By FACIO
Seconded By HORN

THAT the meeting be closed to the public, except for Senior Staff and the Executive Assistant, for the purpose of receiving and adopting Closed Meeting Minutes convened in accordance with Section 90 of the *Community Charter* and to consider matters pursuant to:

- Section 90(2)(b) of the *Community Charter* - the consideration of information received and held in confidence relating to negotiations between the regional district and a provincial government or the federal government or both, or between a provincial government or the federal government or both and a third party.

CARRIED
All/Unweighted

The open meeting recessed at 6:05pm.

10. RECONVENE OPEN MEETING

The open meeting reconvened at 7:31pm.

11. RISE AND REPORT OUT OF CLOSED MEETING

No items.

12. ADJOURNMENT

Moved By FACIO
Seconded By KLOOT

THAT the Fraser Valley Regional Hospital District Board Open Meeting of March 21, 2024 be adjourned.

CARRIED
All/Unweighted

The Fraser Valley Regional Hospital District Board Open Meeting of March 21, 2024 adjourned at 7:31pm.

MINUTES CERTIFIED CORRECT:

.....
Director Sylvia Pranger, Chair

.....
Corporate Officer/Deputy